

Message Text

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PAGE 01 LUSAKA 02105 131521Z
ACTION AF-10

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PRETORIA FOR AMBASSADOR LOW

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TAGS: EAID EAGR EFIN EGEN EINV ZA
SUBJ: KAUNDA DISCUSSES ECONOMY AT UNIP COUNCIL

1. SUMMARY: SPEAKING AT THE OPENING SESSION OF THE UNIP NATIONAL COUNCIL ON JUNE 12, PRESIDENT KAUNDA DEVOTED MOST OF HIS SPEECH TO ZAMBIA'S ECONOMIC SITUATION AND PROSPECTS. IN A REASONED AND LOGICAL SEQUENCE HE COVERED THE MAJOR SECTORS OF THE ECONOMY BRINGING UP BOTH PROBLEMS AND SOLUTIONS. THERE WAS LITTLE RHETORIC AND NO EMOTIONALISM. HE PAINTED AN ACCURATE PICTURE OF THE SITUATION IN ZAMBIA AND OUTLINED A COURSE OF ACTION WITH WHICH MOST ECONOMISTS WOULD CONCUR. SHOULD HIS REMARKS BE ENDORSED BY THE UPCOMING UNIP GENERAL CONFERENCE AND EVENTUALLY IMPLEMENTED, ZAMBIA WILL BE FOLLOWING A MORE PRAGMATIC AND LIBERAL ECONOMIC POLICY WITH LESS DEPENDENCE ON THE PUBLIC SECTOR.
END SUMMARY.

2. PRESIDENT KAUNDA FIRST ADDRESSED THE QUESTION OF ECONOMIC AID FROM MULTILATERAL AND BILATERAL SOURCES. CRITICIZING
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PAGE 02 LUSAKA 02105 131521Z

ZAMBIA'S POOR PAST RECORD OF DISBURSING LOANS AND GRANTS HE SAID THAT BEGINNING NOW, PRIVATE BUSINESSES WOULD HAVE ACCESS TO THESE FUNDS FOR IMPORTS. PARASTATALS WOULD NO LONGER HAVE A MONOPOLY ON THE FUNDS OR ON IMPORTS OF CERTAIN GOODS. THEY WOULD HAVE TO COMPETE WITH PRIVATE BUSINESS IN THE BEST INTERESTS OF THE WELFARE OF THE PEOPLE. CONCURRENTLY, IMPORT LICENSING PROCEDURES WOULD BE STREAMLINED TO FACILITATE IMPORTS OF ESSENTIAL

GOODS (ONLY) BY THE PRIVATE SECTOR. (THE GRZ HAS ALREADY INDICATED THAT FUNDS FROM THE MOST RECENT AID COMMODITY IMPORT LOAN HAVE BEEN RELEGATED TO THE PRIVATE SECTOR. AID AND EMBASSY EFFORTS IN THE PAST TO CONVINCE THE GRZ TO FOLLOW THIS PROCEDURE HAD NOT BEEN SUCCESSFUL.)

3. IN RESPONSE TO INTERNAL CRITICISM ABOUT ZAMBIA'S INTERNATIONAL APPEAL FOR LOANS AND OTHER ASSISTANCE, PRESIDENT KAUNDA SAID THOSE WHO DIDN'T YET UNDERSTAND THE REASONS WHY WERE "IDIOTS" AND PROCEEDED TO "EXPLAIN YET AGAIN." HE CITED THE WORLD RECESSION AND LOW COPPER PRICE, INCREASING OIL PRICES, TRANSPORT COSTS, PORT CONGESTION, AND THE FINANCIAL BURDEN OF THE WARS OF LIBERATION IN SOUTHERN AFRICA. HE POINTED OUT THAT THE BORROWINGS WERE ALL WITHIN ZAMBIA'S CAPACITY TO REPAY AND THAT NO RESPECTABLE FINANCIAL ORGANIZATION LENDS TO ANYONE WITHOUT ASSESSING THEIR CREDIT WORTHINESS.

4. ON THE AGRICULTURAL SECTOR THE PRESIDENT EXPRESSED PLEASURE THAT SOME PROGRESS WAS BEING MADE AND THAT THE PEOPLE WERE RESPONDING TO THE CHALLENGE. IMPROVEMENT WAS STILL NECESSARY IN THE MARKETING SYSTEM AND THE TIMELY AVAILABILITY OF INPUTS SUCH AS FERTILIZER AND EQUIPMENT. THE AGRICULTURAL EXTENSION SERVICE IS STILL INADEQUATE AND MORE TRAINING IS NEEDED. A PLANNING TEAM IN THE MINISTRY OF LANDS AND AGRICULTURE WAS CALLED FOR. FINALLY, MORE PEOPLE HAD TO GET INVOLVED IN FULL TIME FARMING. "THE GREEN REVOLUTION IS NOT FOR THE FEW, IT IS FOR LIMITED OFFICIAL USE

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PAGE 03 LUSAKA 02105 131521Z

ALL OF US."

5. AGRICULTURAL DIVERSIFICATION HAD TO BE ACCOMPANIED BY INDUSTRIAL DEVELOPMENT, SAID KAUNDA, AND ZAMBIA WAS SEEKING LOANS AND INVESTMENTS TO DIVERSIFY INDUSTRY. TECHNOLOGY WAS NEEDED TO DEVELOP NATURAL RESOURCES AND TOURISM FACILITIES HAD TO BE IMPROVED. PUBLIC AND PRIVATE, FOREIGN AND DOMESTIC INVESTMENT WOULD BE NECESSARY AND WELCOME AND A "BROCHURE TO EXPLAIN THE INDUSTRIAL DEVELOPMENT ACT AND INVESTMENT POTENTIAL IN ZAMBIA" IS REQUIRED. THE PRESIDENT CALLED FOR AN INVESTMENT COUNCIL TO BE ESTABLISHED TO ACTIVELY PROMOTE LOCAL AND FOREIGN INVESTMENT.

6. KAUNDA ENDED ON WHAT HE CALLED A SOMBRE NOTE BY SAYING THAT ALL OF ZAMBIA'S EFFORTS WOULD BE WASTED UNLESS THE TRANSPORTATION PROBLEM BASED ON THE "LIMITED CAPACITIES OF BOTH THE PORT OF DAR AND TAZARA" WAS SOLVED. HE SAID THE GRZ WAS ACTIVELY PURSUING ALTERNATIVES (RAILWAY LINK TO MALAWI, ROAD AND RAIL LINK TO ANGOLA, RAIL LINKS TO MOZAMBIQUE) IN AN EFFORT TO FIND ALTERNATIVE ROUTES TO THE SEA. (WHILE THERE IS NO DOUBT THAT THE PROPOSED ROUTES WOULD BE IN ZAMBIA'S INTEREST, THERE IS SOME QUESTION ABOUT HOW REALISTIC IN TERMS OF FINANCING THESE PLANS ARE.)

7. COMMENT: IN ALL THE PRESIDENT PULLED NO PUNCHES AND RAISED NO FALSE HOPES ABOUT ZAMBIA'S PRESENT STATE AND FUTURE POTENTIAL. HIS SPEECH COULD HAVE BEEN WRITTEN BY AN OUTSIDE ECONOMIC CONSULTANT WITH NO KNOWLEDGE OF PARTY OR NATIONAL POLICIES OR IDEOLOGIES. POLITICALLY SENSITIVE AREAS SUCH AS REDUNDANCIES WERE NOT MENTIONED BUT AT THE SAME TIME THERE WAS NOTHING MISLEADING IN HIS STATEMENTS ON OTHER ISSUES. ONE HAS THE FEELING THAT IF THE THRUST OF HIS REMARKS COULD BE TRANSLATED INTO ACTION, ZAMBIA COULD INDEED PULL ITSELF TOGETHER. WHETHER THAT HAPPENS OR NOT REMAINS TO BE SEEN.
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